
Chair's report: Committee performance review - 2023-2024

PREPARED BY: LAURIE LEFCOURT

(Independent Member – Chair, Audit, Risk and Improvement Committee)

Recommendation

That the Audit, Risk and Improvement Committee Performance Review – period 2023-2024 be received and endorsed.

Purpose

To provide information in relation to the performance and role/activities of the Rous County Council Audit, Risk and Improvement Committee.

Background

The Audit, Risk and Improvement Committee Charter provides that:

The Chairperson of the Committee and General Manager will initiate a review of the performance of the Committee at least once every two years. The review will be conducted on a self-assessment basis (unless otherwise determined by the Chairperson of the Committee or Council), with appropriate input from management and any other relevant stakeholders, as determined by the Chairperson of the Committee.

It has become practice over the past two years for a report on the Committee Performance Review to be prepared annually in order to ensure currency of information and to provide ongoing communication to the elected Council on the operations of the Committee.

In January 2024, the recent amendments to the *Local Government (General) Regulation 2021* were passed and came into effect on 1 July 2024. Of relevance, each council and joint organization must have a fully operational and independent ARIC comprising members that meet the requirements stipulated in the Act. This committee is responsible for reviewing the matters outlined in section 428A of the Local Government Act, ensuring comprehensive oversight of the council's risk management and internal audit functions. The previous committee under the guidance of Brian Wilkinson set the foundation for a compliant Audit Risk and Improvement Committee in both membership and in overseeing the appropriate matters as described by the Act.

Governance

The purpose, role and conduct of the Committee is guided by the Rous County Council Audit, Risk and Improvement Committee Charter and Internal Audit Charter.

The Rous County Council Audit, Risk and Improvement Committee Charter includes the following purpose for the Committee:

The role of the Committee is to report to Rous County Council and provide appropriate advice and recommendations on matters identified by this Charter. The Committee is independent and therefore operates independently of Council management.

During the period July 2023- June 2024 the Committee met five times. The voting Committee Members (Laurie Lefcourt, Andrew MacLeod and Raymond Wong and non-voting council representative, Councillor Big Rob) have attended/participated in all meetings either in person or via remote technology. In that regard, the Committee acknowledges the efforts and arrangements made by Council staff to ensure meetings continued on schedule and contained information relevant to the role of the Committee.

The Committee's activities and governance processes have continued to be strongly supported by the Executive Team and staff at Rous County Council and the Committee has been satisfied with the quantity and quality of reporting provided to the Committee during this reporting period.

Given the scope of "items" the Committee is required to cover, a "Schedule of Reporting" has been utilised to guide the various meeting agendas, content and report timing throughout the year. A copy of the schedule is provided as part of each meeting agenda and has resulted in regular reporting on required items; in that regard the Committee was pleased with the content and presentation of reports. It was also appreciated that there was consistent attendance and involvement of staff at Committee Meetings. This schedule of reporting is being updated for the 2024-2025 financial year to align with the introduction of the new legislation which became effective on 1 July 2024.

The Internal and External Audit Programs of Council have had appropriate reporting and links to the Committee role and meeting agendas. The current Committee Charter has been updated to reflect the transition to the guidelines released via the Office of Local Government and this along with the Internal Audit Charter have been appropriate and supportive of the Committee role.

The following comments represent the Committees views in relation the areas of Council's operations that the Committee has a legislative duty to keep under review:

1. Compliance

Information and reporting has been provided to the Committee in respect of Compliance Monitoring and Reporting including policy reviews and information relating to Section 355 Committees (particularly in regard to the volunteer floodgate operator program).

2. Risk management

Regular reporting has been provided on Enterprise Risk Management; this has included information on the Risk Register and Risk Management Framework. Whilst the finalisation of a fully operative risk management framework is still to be completed, much progress was made during the year with the engagement of a risk specialist onto the management team, and it is expected that the framework, including a fully functional risk register will be presented to council in the near future although this will continue to be a living document and will be amended with new and emerging risks as and when they arise

3. Fraud control

During the year, the Committee received a report on Fraud Control and Corruption with appropriate steps to continue to improve the program awareness and processes across the Council.

4. Financial management

During the year the Committee has received reports and presentations relating to the Financial Management processes of Council. The External Auditors have engaged closely with the Committee in respect to annual financial statements, Management Letters and the Annual Audit Engagement Plan. In addition, the Committee has been kept informed via agenda items on budget preparation, quarterly budget reviews, and investment processes. As part of the External Audit Management Letters, there are recommended actions to improve Council's approach to various processes. The implementation of those actions is kept under review by the Committee.

5. Governance

As with all local government organisations, the Governance processes at Rous County Council are diverse and are subject to ongoing action. The Committee has received regular reports and information on governance practices and improvements, including: Policy, Procedure and delegation reviews/ Internal Audit Reports and Actions/Section 355 Committees/Code of Conduct statistics/ Code of Meeting Practice and the progress of the ICT Business Plan including the Digital Transformation Strategy. During the 2023-24 financial year the Committee

received reports and monitored progress on the audit of the Dam Safety Management System, the Audit of Council's Records Management System and regular updates on the actions from other previous internal audits and organisational reviews.

6. Implementation of the strategic plan, delivery program and strategies

An integral part of Local Government operations is the Strategic Planning processes and the actions taken to implement strategies. The Implementation of the Strategic Plan, Delivery Program and Strategies at Rous County Council is supported by comprehensive and understandable documentation. The Committee has received reports and presentations relating to those processes e.g. the IPR Framework, progression of the Delivery and Operational Plans. The Committee received updates on actions taken in regards to flood mitigation actions arising from an internal review.

The committee is also kept abreast of a number of areas that are integral to the delivery of the strategic plan including:

- Work Health and Safety and trends, Health and Safety Environment updates, Work Health and Safety updates and information relating to emergency responses and business continuity planning.
- ICT Updates and Digital Transformation planning.

7. Collection of performance measurement by Council

The collection of performance management data by Council has been reported to the Committee (and the community) via the Annual Report and the Strategic Plan, Delivery Program and Operational Plan processes. The Annual Report provided information on Council's performance in delivering actions outlined in the IPR Framework.

8. Any other matters prescribed by regulations made under the Local Government Act 1993

In addition to the above, the Committee has been kept informed of Other Matters relevant to the role of ARIC and Council's operations. This has included Reports and Publications from the Independent Commission Against Corruption, Information and Privacy Commission of NSW, Performance Audits and Local Government Reports from The Audit Office of NSW. The Committee has been kept aware of developments in relation to the Audit Risk and Improvement guidelines and has worked closely with Council to implement the changes.

9. Internal Audit Program

The Internal Audit Program of Council is undertaken via a third party and is monitored closely by the Committee; in that respect the Committee has had input to the annual audit plan (based around identified risks of the Council and the Local Government industry), receives and considers reports from the internal auditor and also monitors progress made on recommendations in Internal Audit Reports. The scope of the Internal Audit Program can reach across the various operations of Council i.e. Compliance, Governance, Financial Management, Fraud Control, Risk management and Strategic Planning. The Internal Audit Program of Council is considered appropriate at this time; however, it should be noted that going forward there will be pressures via the new Guidelines and ARIC responsibilities that will likely require **increased** internal audit resources/ funding.

During the year, the Committee received and noted the results of one internal audit on the Information Management Systems of Council.

The Committee notes that both the External Audit coverage and Internal Audit Program have included items relating to ICT issues i.e Cyber Security, ICT processes and controls, etc. Accordingly, the ongoing need for strong ICT processes and planning will continue to be a focus of the Committee. The reporting provided to the Committee on ICT related matters in the year subject of this report has been appropriate and informative.

The scope of the Committee activities identified in this Report supports the view that the Committee is undertaking its required functions in an appropriate manner.

As part of the preparation of this Performance Report consideration has been given to the content of the Charters that guide the role of the Committee. As Chairperson, I have been unable to identify any specific 'failings' of the Committee to meet their obligations and responsibilities. In addition, it is considered that there are no specific matters that need to be brought to the attention of the elected Council.

Financial

The Audit, Risk and Improvement Committee functions and associated actions are funded from existing budget and resource allocations.

Consultation

In providing this report for Committee consideration, the opportunity was provided to Committee Members to review the draft Committee performance review and provide feedback and/or suggested amendments. In addition, the General Manager and staff were also requested to provide comments as part of the process of reporting the review to the Committee.

Conclusion

As Chairperson of the Rous County Council Audit, Risk and Improvement Committee I consider that, as outlined above, the Committee has satisfactorily and appropriately undertaken and performed its role during the 2023-2024 period.

Laurie Lefcourt
Chair